

SENATE BILL 779

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By: **Senator Pugh**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Study of Asset Management**

3 FOR the purpose of requiring the Governor’s Office of Minority Affairs to conduct a
4 study of the Maryland State Retirement and Pension System and all funds
5 managed by the Board of Trustees for the State Retirement and Pension System
6 to determine the capacity to select minority fund managers across all asset
7 classes and to determine methods that best assure the recruitment and
8 selection of minority companies for fund-to-fund management or direct
9 management by the Investment Division of the State Retirement Agency;
10 requiring the Governor’s Office of Minority Affairs to submit a report of its
11 findings and recommendations by a certain date; providing for the termination
12 of this Act; and generally relating to the management of the assets of the State
13 Retirement and Pension System.

14 BY repealing and reenacting, without amendments,
15 Article – State Personnel and Pensions
16 Section 21–116(d)
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2011 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – State Personnel and Pensions**

22 21–116.

23 (d) (1) (i) Consistent with minority business purchasing standards
24 applicable to units of State government under the State Finance and Procurement
25 Article and consistent with the fiduciary duties of the Board of Trustees, the Board of
26 Trustees shall direct the Investment Committee to attempt to use to the greatest

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 extent feasible minority business enterprises to provide brokerage and investment
2 management services to the Board.

3 (ii) For purposes of this subsection, brokerage and investment
4 management services shall include services relating to all allocated asset classes.

5 (2) (i) To assist it in achieving the goal described under paragraph
6 (1) of this subsection, the Investment Committee shall undertake measures to remove
7 any barriers that limit full participation by minority business enterprises in brokerage
8 and investment management services opportunities afforded under this title.

9 (ii) The measures undertaken by the Investment Committee
10 shall include the use of a wide variety of media, including the State Retirement
11 Agency's website, to provide notice to a broad and varied range of potential providers
12 about the brokerage and investment management services opportunities afforded by
13 the State Retirement Agency.

14 (3) In consultation with the Governor's Office of Minority Affairs and
15 the Investment Committee, the Board of Trustees shall develop guidelines to assist
16 the Investment Committee in identifying and evaluating qualified minority business
17 enterprises in order to help the State Retirement Agency achieve the objective for
18 greater use of minority business enterprises for brokerage and investment
19 management services.

20 (4) On or before September 1 each year, the Investment Committee
21 shall submit a report to the Board of Trustees, the Governor's Office of Minority
22 Affairs and, subject to § 2-1246 of the State Government Article, the General
23 Assembly on:

24 (i) the identity of the minority business enterprise brokerage
25 and investment management services firms used by the Investment Committee in the
26 immediately preceding fiscal year;

27 (ii) the percentage and dollar value of the assets that are under
28 the control of the Investment Committee that are under the investment control of
29 minority business enterprise brokerage and investment management services firms;
30 and

31 (iii) the measures the Investment Committee undertook in the
32 immediately preceding fiscal year in accordance with paragraph (2)(ii) of this
33 subsection.

34 SECTION 2. AND BE IT FURTHER ENACTED, That:

35 (a) The Governor's Office of Minority Affairs shall conduct a study of the
36 Maryland State Retirement and Pension System and all funds managed by the Board
37 of Trustees for the State Retirement and Pension System to:

1 (1) determine the capacity to select minority fund managers across all
2 asset classes; and

3 (2) determine methods that best assure the recruitment and selection
4 of minority companies for fund-to-fund management, or direct management by the
5 Investment Division of the State Retirement Agency.

6 (b) On or before December 1, 2012, the Governor's Office of Minority Affairs
7 shall submit a report of its findings and recommendations to the Governor, the Board
8 of Trustees, and subject to § 2-1246 of the State Government Article, the General
9 Assembly.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2012. It shall remain effective for a period of 1 year and, at the end of June 30,
12 2013, with no further action required by the General Assembly, this Act shall be
13 abrogated and of no further force and effect.